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SUBJECT: ELECTIONS VS. ELECTRONS: POLITICAL DETAILS LOOM
LARGE IN RESOLUTION OF NUCLEAR INITIATIVE

Classified By: Acting Political Counselor Atul Keshap for Reasons 1.4 (B and D)

11. (C) Summary: With the resurgence of the civil nuclear political debate during the budget session of Parliament, observers have analyzed the minutiae to try to determine whether the UPA government calls the Left's bluff soon, waits until after the monsoon, or sits on the initiative altogether. Most signs point to forward movement in the coming weeks, including Congress Party statements that have consistently highlighted the nuclear deal and the Left's desperate call for a meeting of the nuclear committee. However, several observers have reminded embassy officials that Congress Party President Sonia Gandhi remains a risk-averse politician still undecided on the electoral benefits to her, her dynasty and the Congress Party of confronting the Left to complete the deal. While the wind has so far started to blow straw in the right direction, we remain hopeful that action will take place soon. End Summary.

Dikshit Jumps into Fray

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12. (SBU) Amidst a resurgence of noisy public discourse coinciding with the beginning of the budget session of Parliament, Delhi Chief Minister and senior Congress Party leader Sheila Dikshit entered the nuclear debate for the first time March 6. In a speech to women Congress workers in the Communist-ruled state of Kerala, Dikshit challenged the Left parties on the nuclear initiative. "Why don't they want India to prosper, do well and sign the nuclear deal?" she asked. "Why do they oppose it for India and not for their supposed friends, China and Russia?" She argued that "the nuclear deal is going to benefit each one of us, take the country forward and bring about development never seen before. The UPA government wanted to sign the deal which would benefit all." Other Congress leaders, including veteran leader and chief guest K. Karunakaran, also promoted the nuclear initiative at the Kerala event.

Congress Continues Parliament Push

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13. (SBU) The Kerala gathering occurred while Congress Party leaders have reinforced the government's intention to move ahead with the nuclear initiative in Parliament. Beginning with President Pratibha Patel's one-sentence mention in her opening speech to Parliament, which inflamed opponents, External Affairs Minister Pranab Mukherjee and Prime Minister Manmohan Singh have both reiterated the determination to go

forward. In a combative March 5 speech that attacked the opposition BJP, PM Singh emphasized his effort "to seek the broadest possible consensus within the country to enable the next step to be taken." "I believe cooperation is good for us for energy security and the world," he underlined. In a move that angered the BJP opposition, the PM called on former Prime Minister Atal Vajpayee to rise above politics and support a nuclear deal that it claimed even the BJP would have embraced.

¶4. (SBU) Veerappa Moily, who has recently emerged as a key strategist and spokesman since the Congress Party reshuffle in late 2007, also fanned the flames. "Is it (the Left's) mandate to shoot down national pride?" he challenged. "By pulling down the government, do they want to frustrate what has been achieved by diplomacy and hard work?" He underlined that "the deal will have to happen in the interest of the nation."

Left Issues Ultimatum

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¶5. (SBU) Faced with the pro-nuclear onslaught, the Communist Party of India (Marxist) (CPM) demanded in a March 6 letter sent to Mukherjee from CPM leader Prakash Karat that the Indian government hold a UPA-Left committee by March 15. "We want the government to tell us about the negotiations with the IAEA," Karat told the Hindustan Times. Karat flanked the attack with an editorial in the CPM mouthpiece. "It is for the Congress leadership to decide whether it wants to be seen as kowtowing to the pressure of the Bush administration or acting democratically and heeding the voice of Parliament and the people," the "People's Daily" editorialized. "And this

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decision has to be a quick and clear one. The future of this government depends on the decision they will take." The central committee of the CPM began a three-day meeting March 7 in Delhi to discuss the upcoming party congress, which occurs every three years to elect the party leadership. The nuclear deal is expected to figure heavily in both gatherings.

Mukherjee Didn't Get the Memo

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¶6. (C) Muddying the signals, March 7 papers quoted Mukherjee as hedging whether the Congress Party would force the Left on the backfoot. While Mukherjee denied that India and the IAEA had completed their safeguards negotiations, he also ruled out going forward with the initiative as a minority government because the U.S. would not accept it. (Note: We have repeatedly assured Indian officials that the U.S. would work with any government in power, minority or not. End Note.) Embodiments have learned from journalists, however, that the quotation, lifted from a longer interview to be published in the March 10 Outlook magazine, may have been misrepresented. MEA Joint Secretary Gaitri Kumar promised to get a clarification from Mukherjee's office.

Comment: Will the Straws in the Wind Ever Build a House?

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¶7. (C) Signs that the government has shifted in a positive direction on the nuclear initiative have accumulated. Ambassador Ronen Sen's extension; the President's, Mukherjee's and Prime Minister's various speeches to Parliament; the clandestine conclusion of the IAEA safeguards talks; Mukherjee's plan to visit Washington in late March; and the farmer-friendly budget all point to the Congress Party rupturing with the Left and calling for early elections. Recent, separate conversations with Members of Parliament, including Manvendra Singh of the BJP, Arcot Veerasamy of the DMK (septel from Chennai), and Navin Jindal of the Congress, bolster the optimistic outlook -- they all think the initiative will move forward.

18. (C) The Left's intensified rhetoric indicates the Communists' fear that the Congress Party has, in fact, decided to move forward without any consultation. Karat, who had previously set a December deadline for government to wrap up the IAEA talks, appears desperate to establish a date for the next UPA-Left committee meeting, which would give the Communists the mechanism to stall the deal with politically motivated paralogism. Without the meeting scheduled, the Left lacks any formal role in the nuclear initiative -- it can only resort to setting deadlines and issuing peevish messages.

19. (C) Mukherjee's confusing and inconsistent statements might also signal the possibility that he has lost his relevance in the nuclear process, although he remains essentially the Deputy Prime Minister and key adviser to Sonia Gandhi on issues of great sensitivity. We understand that he recently lost an internal Congress Party battle over the appointment of a rival, Parliamentary Affairs Minister Priya Ranjan Dasmunsi, to lead the Congress Party in Mukherjee's home state of West Bengal. While Mukherjee has cozied up to the Communists, Dasmunsi has advocated closer relations with the Trinamool Congress. As the chair of the UPA-Left committee, Mukherjee had sought to bring the Left and the Communists along on the nuclear initiative. Just as the Left lacks a say if there is no committee meeting date set, so too can Mukherjee. His inability to persuade the Left could mean that he now has to do Sonia's and the Prime Minister's bidding, as he did in his Parliament speech, which dutifully supported the nuclear deal. We will keep examining the tea leaves to see if others discern a slippage in Mukherjee's standing.

If The Government Moves, When Will It Move?

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110. (C) The key government action to trigger a schism with the Left would be the submission of the safeguards agreement to the IAEA Board of Governors, which then sets off the sequence involving the Board, Nuclear Suppliers Group and U.S. Congress. If the submission occurs during the March 20-April 7 break in the Parliament session, the Left may

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choose to withdraw formally from government when the second half of the budget session resumes. However, even if the Congress Party lost a no-confidence vote, the President may still call on Parliament to pass the budget -- as took place in 1999 when the Vajpayee's first attempt at national government lost a no-confidence vote. The Left might also choose only to withdraw rhetorically, but not go through the formality of submitting a letter of withdrawal to the President. In any case, as Menon and Saran divulged recently, once the budget is approved, it liberates the Congress Party. While that vote is currently scheduled for May 9, we understand that the Congress will seek to shorten discussions on the budget and move the crucial vote up to late April. We bet they will go to the Board shortly thereafter.

Why Force the Left Now?

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111. (C) We were similarly upbeat about the prospects of the nuclear initiative in autumn 2007 until Sonia Gandhi and the PM slowed progress on October 10. What might propel nuclear progress now? At the time, Gandhi explained (and Mukherjee recently repeated) that the Congress Party wanted to demonstrate its ability to lead a coalition for a full term. She might consider four-and-a-half years sufficient and seek elections for November 2008. November general elections would also coincide with several state elections, particularly Rajasthan, Madhya Pradesh and Chattisgarh, where the ruling BJP will face anti-incumbency tendencies, and the state elections would benefit the Congress at the national level.

¶12. (C) In addition, going through with the nuclear initiative still makes political sense. The fact that Dikshit has joined the nuclear bandwagon shows that she thinks it will help her garner middle-class votes and fend off the BJP when she runs for reelection in November. While the nuclear initiative is evidence of India's global and strategic maturity, nuclear power contributes to the supply of water and power that voters care about. By seeking the country's consensus, as opposed to the Parliament's consensus, the Congress Party can come off as bold and responsive. Of course, these arguments have been true since the start of this initiative in July 2005, but they may have become more relevant now as Congress gears up to face the largely pro-American electorate.

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